

§ 1778.8

points for items such as geographic distribution of funds, rural residents hauling water, severe contamination levels, etc.

§ 1778.8 [Reserved]

§ 1778.9 Uses.

Grant funds may be used for the following purposes:

- (a) Waterline extensions from existing systems.
- (b) Construction of new waterlines.
- (c) Repairs to an existing system.
- (d) Significant maintenance to an existing system.
- (e) Construction of new wells, reservoirs, transmission lines, treatment plants, and other sources of water.
- (f) Equipment replacement.
- (g) Connection and/or tap fees.
- (h) Pay costs that were incurred within six months of the date an application was filed with the Agency to correct an emergency situation that would have been eligible for funding under this part.
- (i) Any other appropriate purpose such as legal fees, engineering fees, recording costs, environmental impact analyses, archaeological surveys, possible salvage or other mitigation measures, planning, establishing or acquiring rights associated with developing sources of, treating, storing, or distributing water.
- (j) Assist rural water systems to comply with the requirements of the Federal Water Pollution Control Act (33 U.S.C. 1251 *et seq.*) (FWPCA) or the SDWA when such failure to comply is directly related to a recent decline in quality of potable water. This would not apply to changes in the requirements of FWPCA or SDWA.
- (k) Provide potable water to communities through means other than those covered above for not to exceed 120 days when a more permanent solution is not feasible in a shorter time frame.

§ 1778.10 Restrictions.

- (a) Grant funds may not be used to:
 - (1) Assist any city or town with a population in excess of 10,000 inhabitants. The population figure is obtained from the most recent decennial Census. If the applicable population figure cannot be obtained from the

7 CFR Ch. XVII (1–16 Edition)

most recent decennial Census, RD will determine the applicable population figure based on available population data. Facilities financed by RUS may be located in non-rural areas. However, loan and grant funds may be used to finance only that portion of the facility serving rural areas, regardless of facility location.

- (2) Assist a rural area that has a median household income in excess of the statewide nonmetropolitan median household income as determined by 5-year income data from the American Community Survey (ACS) or, if needed, other Census Bureau data. If there is reason to believe that the ACS or other Census Bureau data does not accurately represent the median household income of the rural area, the reasons will be documented and the applicant may furnish, or RD may obtain, additional information regarding such median household income data. Information must consist of reliable data from local, regional, State or Federal sources or from a survey conducted by a reliable impartial source.

- (3) Finance facilities which are not modest in size, design, cost, and are not directly related to correcting the potable water quantity or quality problem.

- (4) Pay loan or grant finder's fees.

- (5) Pay any annual recurring costs that are considered to be operational expenses.

- (6) Pay rental for the use of equipment or machinery owned by the rural community.

- (7) Purchase existing systems.

- (8) Refinance existing indebtedness, except for short-term debt incurred in accordance with § 1778.9(h).

- (9) Make reimbursement for projects developed with other grant funds.

- (10) Finance facilities that are not for public use.

- (b) Nothing in paragraph (a)(1) of this section shall preclude rural areas from submitting joint proposals for assistance under this part. Each entity applying for financial assistance under this part to fund their share of a joint project will be considered individually.

[68 FR 46078, Aug. 5, 2003, as amended at 80 FR 9863, Feb. 24, 2015]